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BEFORE THE ARIZONA CORPORATION COMMISSION

21

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

JUN - 9 2005

JEFF HATCH-MILLER, Chairman
WILLIAM A. MUNDELL
MARC SPITZER
MIKE GLEASON
KRISTIN K. MAYES

DOCKETED BY [nr]

In the matter of

DOCKET NO. S-03586A-05-0000

M.A.C. INVESTMENTS, INC., an Arizona corporation
P. O. Box 26222
Tempe, Arizona 85285

DECISION NO. 67928

M.A.C. INVESTMENTS SALES, INC., a Nevada corporation
925 West Baseline Road, Suite 105
Tempe, Arizona 85283

ORDER TO CEASE AND DESIST, ORDER OF RESTITUTION, ORDER FOR ADMINISTRATIVE PENALTIES

M.A.C. INVESTMENT SALES, INC., an Arizona corporation
925 West Baseline Road, Suite 105
Tempe, Arizona 85283

MARICRUZ ALVARADO a.k.a. MARIACRUZ ALVARADO a.k.a. MARICRUZ ALBARADO and JOHN DOE ALVARADO, wife and husband
925 West Baseline Road, Suite 105
Tempe, Arizona 85283

ALDEMARO GONZALES GAMEZ a.k.a. ALDEMARO GONZALEZ and JANE DOE GONZALES GAMEZ, husband and wife
925 West Baseline Road, Suite 105
Tempe, Arizona 85283

MARIA ELENA GONZALEZ and JOHN DOE GONZALEZ, wife and husband
455 North Country Club Drive
Mesa, AZ 85201

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1 KEVIN POLARDI and JANE DOE)
 2 POLARDI, husband and wife)
 3 925 West Baseline Road, Suite 105)
 4 Tempe, Arizona 85283)
 Respondents.)

I.

INTRODUCTION

5 On February 15, 2005, the Securities Division (“Division”) of the Arizona Corporation
 6 Commission (“Commission”) filed a Temporary Order to Cease and Desist and Notice of
 7 Opportunity for Hearing against M.A.C. INVESTMENTS, INC., M.A.C. INVESTMENT
 8 SALES, INC., an Arizona corporation, M.A.C. INVESTMENTS SALES, INC., a Nevada
 9 corporation, MARICRUZ ALVARADO a.k.a. MARIACRUZ ALVARADO a.k.a. MARICRUZ
 10 ALBARADO, JOHN DOE ALVARADO, ALDEMARO GONZALES GAMEZ a.k.a.
 11 ALDEMARO GONZALEZ, JANE DOE GONZALES GAMEZ, MARIA ELENA GONZALEZ,
 12 JOHN DOE GONZALES, KEVIN POLARDI, and JANE DOE POLARDI (“RESPONDENTS”)
 13 alleging violations of the Arizona Securities Act (the “Act”). The Notice specified that
 14 RESPONDENTS would be afforded an opportunity for an administrative hearing upon written
 15 request filed with the Commission’s Docket Control within ten (10) days after receipt of the Notice,
 16 in accordance with A.A.C. R14-4-306(B).
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21 Subsequently, the Division made numerous efforts to locate and directly serve
 22 RESPONDENTS. None of those efforts in locating or serving any RESPONDENT individual or
 23 corporation were successful. Upon information and belief, none of the individual or corporation
 24 RESPONDENTS are represented by counsel. Specific efforts to locate and serve each of the
 25 RESPONDENTS are enumerated in Affidavits in Support of Publication, previously filed in this
 26 case.

1 Pursuant to A.C.C. R14-4-303(H), the Division has published a statement regarding the
2 administrative proceedings at least once a week for four consecutive weeks in the "Arizona
3 Business Gazette" on March 3, 2005, March 10, 2005, March 17, 2005, and March 24, 2005. The
4 "Arizona Business Gazette" is published in Maricopa County, which is the county of each of the
5 RESPONDENTS' last known county of residence or place of business. A certified copy of the
6 notarized publication has previously been filed in this case.

7 Service of process of the Temporary Order to Cease and Desist and Notice of Opportunity for
8 Hearing as to each of the RESPONDENTS is complete. RESPONDENTS failed to request an
9 administrative hearing within ten (10) days after receipt of the Notice.

11 II.

12 FINDINGS OF FACT

13 1. M.A.C. INVESTMENTS, INC. ("MAC") is an Arizona corporation with a business
14 mailing address of P.O. Box 26222, Tempe, Arizona 85282, as well as a business address of 925
15 West Baseline Road, Suite 105, Tempe, AZ 85282.

16 2. M.A.C. INVESTMENT SALES, INC. ("MAC SALES ARIZONA") is an Arizona
17 corporation with a business address of 925 West Baseline Road, Suite 105, Tempe, Arizona 85282.

18 3. M.A.C. INVESTMENTS SALES, INC. ("MAC SALES NEVADA") is a Nevada
19 corporation with a business address of 925 West Baseline Road, Suite 105, Tempe, Arizona 85282.

20 4. MARICRUZ ALVARADO a.k.a. MARIACRUZ ALVARADO a.k.a.
21 MARICRUZ ALBARADO ("M. ALVARADO") is a married person with unknown residency; her
22 business address is 925 West Baseline Road, Suite 105, Tempe, Arizona 85283

23 5. JOHN DOE ALVARADO was at all relevant times the spouse of M. ALVARADO.
24 JOHN DOE ALVARADO is a fictitious name used to describe any person married to M.
25

1 ALVARADO. JOHN DOE ALVARADO is joined in this action under A.R.S. § 44-2031(C) solely
2 for purposes of determining the liability of the marital community.

3 6. At all relevant times, M. ALVARADO and JOHN DOE ALVARADO were acting
4 for their own benefit, and for the benefit or in furtherance of the marital community.

5 7. ALDEMARO GONZALES GAMEZ a.k.a. ALDEMARO GONZALEZ ("A.
6 GONZALES GAMEZ") is a married man with unknown residency; his business address is 925
7 West Baseline Road, Suite 105, Tempe, Arizona 85282.

8 8. JANE DOE GONZALES GAMEZ was at all relevant times the spouse of A.
9 GONZALES GAMEZ. JANE DOE GONZALES GAMEZ is a fictitious name used to describe
10 any person married to A. GONZALES GAMEZ. JANE DOE GONZALES GAMEZ is joined in
11 this action under A.R.S. § 44-2031(C) solely for purposes of determining the liability of the marital
12 community.
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14 9. At all relevant times, A. GONZALES GAMEZ and JANE DOE GONZALES
15 GAMEZ were acting for their own benefit, and for the benefit or in furtherance of the marital
16 community.

17 10. MARIA ELENA GONZALEZ ("M. GONZALES") is a married woman and a
18 resident of Arizona; her address is 455 North Country Club Drive, Mesa, AZ 85201.

19 11. JOHN DOE GONZALEZ was at all relevant times the spouse of M. GONZALES.
20 JOHN DOE GONZALEZ is a fictitious name used to describe any person married to M.
21 GONZALES. JOHN DOE GONZALEZ is joined in this action under A.R.S. § 44-2031(C) solely
22 for purposes of determining the liability of the marital community.
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24 12. At all relevant times, M. GONZALES and JOHN DOE GONZALEZ were acting
25 for their own benefit, and for the benefit or in furtherance of the marital community.
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1 13. KEVIN POLARDI (“K. POLARDI”) is a married man with unknown residency; his
2 business address is 925 West Baseline Road, Suite 105, Tempe, Arizona 85282.

3 14. JANE DOE POLARDI was at all relevant times the spouse of K. POLARDI. JANE
4 DOE POLARDI is a fictitious name used to describe any person married to K. POLARDI. JANE
5 DOE POLARDI is joined in this action under A.R.S. § 44-2031(C) solely for purposes of
6 determining the liability of the marital community.

7 15. At all relevant times, K. POLARDI and JANE DOE POLARDI were acting for their
8 own benefit, and for the benefit or in furtherance of the marital community.

9 16. MAC, MAC SALES ARIZONA, MAC SALES NEVADA, M. ALVARADO, A.
10 GONZALES GAMEZ, M. GONZALEZ, and K. POLARDI, may be collectively referred to as
11 “RESPONDENTS.”

12 17. JOHN DOE ALVARADO, JANE DOE GONZALES GAMEZ, JOHN DOE
13 GONZALEZ, and JANE DOE POLARDI may be collectively referred to as “RESPONDENT
14 SPOUSES.”

15 18. MAC is doing business in the State of Arizona. MAC filed as a corporation with
16 the State of Arizona on or about September 24, 1993.

17 19. MAC is not registered or licensed to sell securities in the State of Arizona.

18 20. MAC SALES ARIZONA is doing business in the State of Arizona. MAC SALES
19 ARIZONA filed as a corporation with the State of Arizona on or about March 20, 2003.
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21 21. MAC SALES ARIZONA is not registered or licensed to sell securities in the
22 State of Arizona.

23 22. MAC SALES NEVADA is doing business in the State of Arizona. MAC SALES
24 NEVADA filed as a corporation with the State of Nevada on or about October 27, 2003.
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1 23. MAC SALES NEVADA is not registered or licensed to sell securities in the State
2 of Arizona.

3 24. M. ALVARADO is an individual, who is the named Secretary of MAC SALES
4 NEVADA. M. ALVARADO is the Incorporator of MAC SALES ARIZONA and is the named
5 Statutory Agent. Since October 2003, M. ALVARADO is the named Vice President of MAC,
6 and one of MAC's Directors. M. ALVARADO owns 50% of MAC shares. M. ALVARADO is
7 the Administrative Contact for the websites utilized by MAC, MAC SALES ARIZONA, and
8 MAC SALES NEVADA. Her information as the Administrative Contact provides the 925 West
9 Baseline address, and she receives email at macinvestments2000@yahoo.com. M. ALVARADO
10 opened and controls telephone accounts for multiple telephone numbers used by salespersons for
11 MAC. M. ALVARADO opened the mail account at the business address for MAC, MAC
12 SALES NEVADA, and MAC SALES ARIZONA at 925 West Baseline Road, Suite 105, Tempe,
13 AZ, which is a Mailboxes & More location. M. ALVARADO is not licensed or registered to sell
14 securities in Arizona.
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16 25. A. GONZALES GAMEZ is an individual who is the General Manager for MAC
17 SALES ARIZONA. He was authorized to open bank accounts for the corporation, and did so at
18 Bank One of Arizona, and is a signor for Bank One of Arizona Account #646483438. Upon
19 information and belief, A. GONZALES GAMEZ purchased the business name of MAC in April
20 2004. A. GONZALES GAMEZ is not licensed or registered to sell securities in Arizona.
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22 26. M. GONZALEZ is an individual who opened a Bank One of Arizona Account
23 #64683438 and 1st National Bank of Arizona Account #58504432 for MAC INVESTMENT
24 SALES, INC., and is a signor on those accounts. M. GONZALEZ signed the majority of the
25 checks issued from the Bank One account. M. GONZALEZ is identified as the Secretary of
26 MAC SALES ARIZONA. M. GONZALEZ contracted for the production of investor packet

1 material, including brochures. M. GONZALEZ is not licensed or registered to sell securities in
2 Arizona.

3 27. K. POLARDI is an individual. Since October 27, 2003, K. POLARDI has been
4 the named President and one of the Directors of MAC. K. POLARDI also holds 50% of MAC
5 shares. In its information to investors, MAC claims "KEVIN POLARDI is President of MAC
6 Investments and is a director and sole stock holder. His work history as follows 1993-present:
7 President of MAC Investments." This information is false. Upon information and belief, K.
8 POLARDI also signed investor contracts for MAC. K. POLARDI is not licensed or registered to
9 sell securities in Arizona.

10 28. RESPONDENTS, either directly or indirectly, have been actively offering for sale
11 and selling securities since approximately February 2003.

12 29. RESPONDENTS, either directly or indirectly, are currently offering for sale or
13 selling securities within and from the State of Arizona.

14 30. MAC and M.A.C. INVESTMENT SALES, INC. maintain web sites on the
15 internet at macinvestmentsales.com and atmstats.com. Through their web site
16 macinvestmentsales.com, they advertise to the general public as full service providers of cashless
17 automatic teller machines ("ATM") systems, service transaction processing and management.
18 The entity names are used interchangeably in the web site. The website lists addresses that have
19 been identified to belong to all three corporations, MAC, MAC SALES ARIZONA, and MAC
20 SALES NEVADA.
21 SALES NEVADA.

22 31. Upon information and belief, MAC, MAC SALES ARIZONA, and MAC SALES
23 NEVADA, have also induced investors through advertisements in newspapers, including *USA*
24 *Today*.
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1 32. Both the internet and print advertisements direct investors to telephone an 800
2 number in order to receive more information. Thereafter, the investor receives a telephone call
3 from a salesperson for MAC, MAC SALES ARIZONA, and/or MAC SALES NEVADA.

4 33. Potential investors receive written offering material in the mail, including contract
5 information. In general, the contracts directed the investor to provide money for the purchase of
6 a cashless ATM machine. Discounts are offered for multiple purchases. Under the contract, the
7 investor has the option to contract with a third party for installation and maintenance of the ATM
8 machine. However, the investor is responsible for all additional expenses for that independent
9 third party installer. The contract price for the purchase of the ATM machine provides
10 installation and maintenance of the ATM machine as an "included" benefit of the contract. Every
11 investor that has been contacted by the Division has used the "included" services of MAC, MAC
12 SALES ARIZONA, MAC SALES NEVADA for the installation and maintenance of the ATM
13 machines.
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15 34. Investors are directed to wire payments to 1st National Bank of Arizona Account
16 #58504432, or instructed to mail payments to the address identified as the business addresses of
17 MAC, MAC SALES ARIZONA, and MAC SALES NEVADA.

18 35. Investors have no active role in the business, with the exception of supplying
19 investment funds. The investment package information boasts, "In fact, with a few well placed
20 machines, you could be on your way to financial freedom, with no selling, no collecting, no
21 inventory, and best of all no work."
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23 36. Investors are told that the return on the investment is calculated as a percentage of
24 the fee charged to the holder of the credit card for the services provided and varies based upon
25 the location and the amount of traffic at the ATM location.
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1 37. Investors access income information for their ATM machines through the website
2 atmstats.com with their password and identification information. Alleged profits are posted on a
3 monthly basis in a daily format for each ATM machine.

4 38. Investors are directed to call M. ALVARADO for concerns regarding the location
5 of ATMs if, for example, an investor wants a machine moved in order to increase profits. The
6 location of the ATM machines is not disclosed to investors; requested location information has
7 been denied to investors, despite their "ownership" of the ATMs.

8 39. MAC, MAC SALES ARIZONA, MAC SALES NEVADA recently claimed to be
9 operating over 50,000 ATM machines in the United States.

10 40. No cashless ATMs have been identified in any location. Upon information and
11 belief, no information has been given to any investor to allow the investor to locate any specific
12 ATM owned by the investor.

13 41. Written material and website information identify the address for Corporate Offices
14 of M.A.C. INVESTMENTS INC/MAC INVESTMENT SALES as 604 W. Wesleyan Drive,
15 Tempe, AZ 85282. This is a residential address. Written material and website information identify
16 the address for Processing Offices of M.A.C. INVESTMENTS INC/MAC INVESTMENT SALES
17 as 925 W. Baseline Road, Suite 105, Tempe AZ 85283. This address is a Mailboxes & More
18 location.
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20 42. RESPONDENTS failed to disclose risk factors associated with the investor contracts
21 to investors, nor did they provide prospectus information to investors. RESPONDENTS failed to
22 provide adequate financial statements to investors.

23 43. RESPONDENTS did not disclose the backgrounds and experience of corporation
24 officers.
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1 44. RESPONDENTS failed to disclose that investor funds would be used for personal
2 expenses for some individual RESPONDENTS, and failed to disclose the financial condition and
3 history of the offeror.

4 45. RESPONDENTS refused to disclose the location of the ATM machines that were
5 supposedly purchased by investors.

6 46. Upon information and belief, there are over 400 investors throughout the United
7 States.

8 47. Upon information and belief, RESPONDENTS have taken in approximately
9 \$9,516,872.88 in investments.
10

11 **IV.**
12 **CONCLUSIONS OF LAW**

13 1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona
14 Constitution and the Securities Act.

15 2. Service of process as to each RESPONDENT and to each RESPONDENT SPOUSE is
16 complete.

17 3. RESPONDENTS offered or sold securities within or from the State of Arizona, within
18 the meaning of A.R.S. §§ 44-1801(15), 44-1801(21), and 44-1801(26).

19 4. RESPONDENTS violated A.R.S. § 44-1841 by offering or selling securities that were
20 neither registered nor exempt from registration.

21 5. RESPONDENTS violated A.R.S. § 44-1842 by offering or selling securities while the
22 RESPONDENTS were neither registered as a dealer or salesman, nor exempt from registration.

23 6. RESPONDENTS violated A.R.S. § 44-1991 by (a) employing a device, scheme or
24 artifice to defraud, (b) making untrue statements or misleading omissions of material facts, and
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1 (c) engaging in transactions, practices, or courses of business which operate or would operate as
2 a fraud or deceit.

3 7. RESPONDENTS' conduct is grounds for a cease and desist Order pursuant to A.R.S.
4 § 44-2032.

5 8. RESPONDENTS' conduct is grounds for an Order of restitution to be provided pursuant
6 to A.R.S. § 44-2032.

7 9. RESPONDENTS' conduct is grounds for administrative penalties under A.R.S. § 44-
8 2036.

9
10 **V.**

11 **ORDER**

12 THEREFORE, on the basis of the Findings of Fact and Conclusions of Law, the
13 Commission finds that the following relief is appropriate, in the public interest, and necessary for
14 the protection of investors:

15 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENTS, and any of
16 RESPONDENTS' agents, employees, successors and assigns, permanently cease and desist from
17 violating the Securities Act. Respondents shall not sell any securities in or from Arizona without
18 being registered in Arizona as dealers or salesmen, or exempt from such registration.
19 Respondents shall not sell securities in or from Arizona unless the securities are registered in
20 Arizona or exempt from registration.

21
22 IT IS ORDERED, pursuant to A.R.S. § 44-2032, that RESPONDENTS and
23 RESPONDENT SPOUSES shall pay, jointly and severally with each other, restitution to
24 investors shown on the records of the Commission in the amount of \$9,516,872.88 plus interest
25 at the rate of 10% per annum from the date of this Order until paid in full. Credit toward
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1 restitution may be given, if sufficient evidence is presented to the Securities Division of previous
2 payment to investors.

3 IT IS FURTHER ORDERED that all payment shall be made by cashier's check or money
4 order payable to the "State of Arizona" to be placed in an interest-bearing account maintained
5 and controlled by the Arizona Attorney General. The Arizona Attorney General shall disburse
6 the funds on a pro rata basis to investors. Any funds that the Attorney General is unable to
7 disburse shall revert to the State of Arizona.

8 If RESPONDENTS do not comply with this order of restitution, any outstanding balance
9 shall be in default and shall be immediately due and payable, without further notice.

10 IT IS FURTHER ORDERED, pursuant to A.R.S. § 44-2036, that RESPONDENTS shall
11 pay an administrative penalty in the amount of \$50,000.00. Payment shall be made in full by
12 cashier's check or money order on the date of this Order, payable to the "State of Arizona." The
13 payment obligations for these administrative penalties shall be subordinate to any restitution
14 obligations ordered herein and shall become immediately due and payable only after restitution
15 payments have been paid in full, or if RESPONDENTS have defaulted prior to fulfilling
16 RESPONDENTS' restitution obligations. For the purposes of this Order, a bankruptcy filing by
17 a RESPONDENT shall be an act of default on that RESPONDENT'S restitution obligations.
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19 If RESPONDENTS do not comply with this order for administrative penalties, any
20 outstanding balance may be deemed in default and shall be immediately due and payable,
21 without further notice.
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IT IS FURTHER ORDERED that this Order shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION

Jeffrey M. Hatch-Driller
CHAIRMAN

[Signature]
COMMISSIONER

[Signature]
COMMISSIONER

Lowell S. Gleason
COMMISSIONER

[Signature]
COMMISSIONER

IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 9th day of June, 2005.

[Signature]
BRIAN C. McNEIL
Executive Secretary

DISSENT

DISSENT

This document is available in alternative formats by contacting Linda Hogan, Executive Assistant to the Executive Secretary, voice phone number 602-542-3931, E-mail lhogan@azcc.gov.

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